

City and County of San Francisco
OFFICE OF THE CONTROLLER

Audit Division

DEPARTMENT OF HUMAN RESOURCES:

Revolving Fund

January 1, 1999 Through April 5, 2000



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Edward Harrington
ControllerMatthew H. Hyme
Chief Assistant Controller

May 10, 2000

Audit No. 99057

Andrea Gourdine, Director
Department of Human Resources
44 Gough Street
San Francisco, CA 94103

Dear Ms. Gourdine:

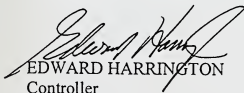
The Controller's Audits Division presents its report concerning the audit of the cash revolving fund of the Department of Human Resources (Human Resources). Human Resources uses the revolving fund to pay for employee field expenses, oral board and examination expenses, and other non-recurring miscellaneous expenses.

Reporting Period: January 1, 1999 through April 5, 2000**Authorized Amount:** \$500**Results:**

Human Resources correctly administered and used its revolving fund. However, Human Resources did not adequately segregate the incompatible duties of its revolving fund custodian when it allowed the custodian to have custody of the checkbook and also conduct monthly bank reconciliations of the revolving fund bank account.

Human Resources' response is attached to the report. The Controller's Audits Division will be working with Human Resources to follow up on the status of the recommendations made in the report.

Respectfully submitted,


EDWARD HARRINGTON
Controller

INTRODUCTION

The Board of Supervisors of the City and County of San Francisco appropriated a cash revolving fund of \$500 to the Department of Human Resources (Human Resources) under the San Francisco Administrative Code (Administrative Code), Section 10.145-2. Human Resources uses the revolving fund to pay for employee field expenses, oral board and examination expenses, and other non-recurring miscellaneous expenses.

SCOPE AND METHODOLOGY

The purpose of this audit was to determine whether Human Resources' revolving fund assets agreed to the amount authorized in the Administrative Code and recorded in the Controller's Financial Accounting and Management Information System (FAMIS). We also determined whether Human Resources correctly administered and used the revolving fund. In addition, we assessed whether the internal controls over the fund were adequate, and whether the revolving fund was sufficient to meet Human Resources' operational needs.

To conduct the audit, we reviewed the applicable provisions in the Administrative Code, the Controller's Departmental Instruction No. 1052, and the Purchaser's *Guide to Ordering Goods and Services*. We evaluated Human Resources' procedures for recording, summarizing, and reporting the revolving fund transactions. We tested, on a sample basis, Human Resources' revolving fund transactions during the audit period to determine whether the transactions were proper and valid.

AUDIT RESULTS

HUMAN RESOURCES' REVOLVING FUND TOTAL AGREED TO THE AUTHORIZED AMOUNT

As of April 5, 2000, Human Resources' cash revolving fund of \$500 agreed to the amount authorized in the Administrative Code and recorded in the Controller's FAMIS. Human Resources used the fund assets within the intended purpose of the fund and in compliance with the Controller's Departmental Instruction No. 1052. Further, in general, Human Resources' internal controls over its revolving fund were adequate and the expenditures made by Human Resources were valid and properly supported.

For most of the audit period, Human Resources' budget director served as a back-up custodian and prepared the monthly revolving fund bank account reconciliations. However, the budget director left the department in January 2000. Since that time, the fund custodian has prepared the bank reconciliations and no other staff was designated as the back-up custodian. Although we did not identify any errors or irregularities, the Controller's Departmental Instruction No. 1052 requires that at a minimum, the custody of checks and reconciliation responsibilities be assigned to separate individuals.

RECOMMENDATIONS

We recommend that the Department of Human Resources:

- Assign a staff person other than the revolving fund custodian to perform the reconciliation of its revolving fund bank account.
- Assign a back-up revolving fund custodian to administer the revolving fund in the event the custodian is absent for extended periods.

We conducted this review according to generally accepted government auditing standards. We limited our review to those areas specified in the audit scope section of this report.

Staff: Grant Novack, CIA, Audit Manager
Lorena Marquez



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RESPONSE TO THE AUDIT
DEPARTMENT OF HUMAN RESOURCES



ANDREA R. GOULDINE
HUMAN RESOURCES DIRECTOR

May 3, 2000

Edward Harrington, Controller
Office of the Controller
City Hall, Room 316
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4694

VIA FAX AND REGULAR MAIL

Subject: **Response to the Draft Audit Report of the
Department of Human Resources Revolving Fund**

Dear Mr. Harrington:

The Department of Human Resources has addressed the recommendation regarding the Revolving Fund in the Draft Audit Report, and this memo sets forth proposed resolution of issues raised in your draft audit.

First, Sr. Accountant Leo Dinneen will continue as Revolving Fund Custodian. Second, Sandra Favale, Chief of Staff, will serve as a back-up Revolving Fund Custodian when Mr. Dinneen is away for extended periods of time. Third, Angela Joyner, DHR's new Principal Administrative Analyst, will perform the reconciliation of the Revolving Fund account.

We appreciate the Controller's Office review and recommendations. If you require additional information, please call Angela Joyner at 557-4944.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Michele Modena".

Michele Modena,
Deputy Director, Administrative Services

MM:az

cc: Leo Dinneen
Sandra Favale
Angela Joyner

cc: Mayor
Board of Supervisors
Civil Grand Jury
Treasurer
Public Library
Budget Analyst
KPMG LLP

